GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:343
ANSWERED ON:07.04.2003
INCREASE IN FARE
KAILASH MEGHWAL;V. VETRISELVAN

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government are aware that the domestic airlines are contemplating to increase the fares;

(b) if so, the reasons therefor;

(c) whether the high rate of tax on Aviation Turbine Fuel (ATF) makes it several times costlier than foreign Airlines;

(d) if so, whether the Ministry of Civil Aviation has taken up this issue with Ministry of Finance and the State Governments;

(e) if so, the outcome thereof; and

(f) the measures being taken by the Government to bring down the prices of ATF?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a),(b),(c),(d),(e) and (f): A statement is laid on the Table of the Sabha.

STATEMENT IN REPLY TO PARTS (a),(b),(c),(d),(e) and (f) OF LOK SABHA STARRED QUESTION NO.343 FOR 7/4/2003 REGARDING INCREASE IN FARE.

(a): Indian Airlines, Jet Airways and Air Sahara have increased their fares on domestic sector by 15% w.e.f. 26/03/2003.

(b): Airline fares on domestic sector are not regulated. Airlines operators are free to charge any fare based on their cost inputs and competitive market scenario. The fare increase was necessitated due to increase in the price of Aviation Turbine Fuel (ATF), security expenditure and aircraft insurance premium etc.

(c): The ATF price in India is substantially higher than the ATF price in foreign countries. In March, 2003, the average ATF Price for domestic flights is Rs.25,200/- KL as against average price of Rs.13100/- KL in the Middle East and South East Asian countries.

(d): One of the major reasons for high ATF price in India is high taxation in the form of Excise Duty and Sales Tax. On an average, Excise Duty and Sales Tax together add up to 45% of the basic price of ATF. This Ministry has been taking up the issue of reduction of excise duty on ATF with Finance Ministry. The State Governments also have been requested to reduce Sales Tax on ATF.

(e): Excise Duty has not been reduced. Among the states, Government of Andhra Pradesh has reduced Sale Tax on ATF to 4%.

(f): ATF prices are not regulated by Government.